



DATE: March 30, 2009

TO: Commissioner Bill Bird
Commissioner Greg Drees
Commissioner Richard Francisco
Commissioner Elizabeth Garst
Commissioner Tammi Kircher
Commissioner Carol Kramer
Commissioner Janelle Rettig

FROM: Michelle Wilson, Project Manager, Honey Creek Resort State Park

RE: Honey Creek Resort State Park February 2009 Operation Income Statements and Construction Update

Enclosed you will find Central Group Companies Inc's operations income statement for the month of February 2009 as received by the Department on March 25, 2009.

After six months of operation, losses at the resort have exceeded budget projections by \$110,165. As of March 3, 2009 Central Group Companies has not asked for additional monetary assistance from the Department's contingency fund. Last June in a document submitted to the Bond Authority, the Department projected that \$200,000 would have been spent out of this fund by April 1, 2009; thus far we have spent \$71,000. The Department covered \$34,435 in additional pre-opening expenses in the construction budget beyond the original budgeted amount due to delays in construction of the Lodge.

Food and Beverage

In February, there were 7,171 covers served up from 6,319 covers in January. Weekend business in the restaurant is very busy and there were great crowds for the holiday weekend. Weekday business is slow and as mentioned in Central Group Inc's variance report, they are instituting a new labor expense tracking system in March to go with the food cost tracking system they've been using for the last month.

The new menu was originally to be initiated in February but due to delays in printing, the new menu was not utilized until March 16th. Thus any changes in food costs will not be reflective of these changes until the March Income Statement. With the implementation of the new food cost tracking system and staff changes that were made, current month food costs expenditures in February dropped 2.05 percentage points even though more covers were served. Beverage costs were, for the first time, under current month budget. Overall, however, food and beverage costs are exceeding year to date budgets.

Occupancy

Occupancy for February is 36.7% which is under the budget of 40%. Preliminary occupancy for March is 51.24% which is over the budget of 50% however; the ADR is \$93.25 lower than budgeted \$101.00. Saturdays in February ran 98.41% occupancy, with the Saturday prior to Valentine's Day and the holiday booked at 100%. The Friday's preceding the weekend was occupied at an average of 73%. Weekday occupancy was higher than January but business is still slower during the week.

Below is a chart providing information gathered by Central Group Companies Inc. comparing Honey Creek's average daily rate and occupancy rate with competition in the Iowa market and other resorts in the region (Iowa, Illinois, and the Ozarks).

	Iowa Market	Regional Market	Honey Creek RSP
Occupancy	45.4%	32.4%	36.7%
Average Daily Rate	\$69.19	\$104.07	\$90.36

Sales and Marketing

The Cabin Fever special has helped to drive occupancy in the resort for February and the Spring Break special is filled the traditional spring break week March 14 – 21 at 91.75% occupancy. The sales and marketing staff continue to work on specials and events for the spring.

The Department met with the Iowa Department of Economic Development and Central Group Companies, Inc. March to discuss a media event that we will at the resort late this spring. Marketing efforts for FY10 were also discussed and additional information will be submitted to the Department in the form of a calendar of planned advertising/events.

The Preserve

The Preserve opened officially, and with all 18 holes, the first week of March. Golfers still came out on nice days for 60 rounds of play in February. The staff attended many golf shows in February and had good interest at those shows.

Construction

The Hanson Company Inc., and their sub-contractors are working on fixing the room plumbing issues. They should be completed with this work the first part of April. They are also in the process of completing the hardscape in the back of the Lodge and the installation of the marina.

Vieco Inc. is almost completed with the cabin construction. They are planning for an April 8, 2009 walkthrough of the cabins. On every nice day, they are pouring the remaining sidewalks and patios and are preparing to seed as soon as possible. They have done a great job. Central Group Companies Inc. is planning for an April 20, 2009 delivery of cabin FF&E. They plan on opening up each cabin loop as they are completed with all FF&E. Thus, we could see cabins available for reservation sometime the middle of May.

Many other areas of construction are also starting back up. The paved trail, roads into the day-use area, boat ramp, etc... all have yet to be completed. Most of the crews will be on-site this week. The campground and the boat ramp all have to be completed by the first part of May to be open for Memorial Day weekend.